



Amy G. Rabinowitz
Assistant General Counsel

July 25, 2005

Mary L. Cottrell, Secretary
Dept. of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

**Re: D.T.E. Docket 01-106, Investigation by the Department of
Telecommunications and Energy on its own Motion to Increase the
Participation Rate for Discounted Electric, Gas and Telephone Service
Pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76.**

Dear Secretary Cottrell:

Massachusetts Electric Company and Nantucket Electric Company (collectively the “Companies”) respectfully request Department approval of the enclosed Residential Assistance Adjustment Provision, tariff number M.D.T.E. No. 1086, proposed to be effective September 1, 2005. Pursuant to the Department’s order D.T.E. 01-106-B, this proposed tariff provision provides for the deferral and recovery of lost revenue generated by the increased participation rate resulting from the electronic matching process implemented with the Executive Office of Health and Human Services (“EOHHS”).

In D.T.E. 01-106-B, the Department authorized a reconciliation mechanism that would allow utilities to recover any revenue shortfall associated with the electronic matching program until they filed their next base rate case, at which time the discounts provided to all low income customers would be reflected in new base distribution rates. See D.T.E. 01-106-B at 9. Accordingly, the Companies propose an adjustment factor applicable to all customers that will be in place, subject to change from time to time, until the Companies’ next base rate case. The Companies will track which customers are enrolled on the discounted rate as a result of the electronic matching process with the EOHHS. These customers will be uniquely identified, and the Companies will calculate the difference between the distribution revenue for their usage under the discounted rate and the regular residential rate. The Companies will accumulate this revenue difference for a twelve-month period, accruing interest at the interest rate on customer deposits, and this total will form the basis of a twelve-month adjustment factor applicable to all of the Companies’ customers.

Mary L. Cottrell

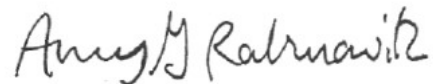
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The Companies have been participating in all aspects of the electronic matching process development. We have been notifying customers since January 2005 of their right to opt out of this process. The Companies' representatives have also been actively participating in the bi-weekly technical conference calls and believe that the EOHHS has made significant strides over the past few weeks in moving towards implementation of the process. Therefore, the Companies are filing this proposed tariff provision now in anticipation of the implementation of the electronic matching process' over the upcoming months. The Companies desire to have their tariff in place prior to the first successful match and transfer of customers to the discounted rate.

Thank you very much for your time and attention to this matter.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Amy G. Rabinowitz". The signature is fluid and cursive, with the first name "Amy" being more prominent.

Amy G. Rabinowitz

cc: Service List

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
RESIDENTIAL ASSISTANCE ADJUSTMENT PROVISION

The prices for Retail Delivery Service contained in all the rates of the Company are subject to adjustment to reflect the recovery of lost revenue associated with net incremental customers receiving retail delivery service under Residential Low Income Rate R-2 as a result of the electronic matching of customer information with the Executive Office of Health and Human Services ("EOHHS") pursuant to the Department of Telecommunications and Energy's ("Department") order in D.T.E. 01-106-B.

On an annual basis, the Company shall calculate lost revenue as the difference between the billed distribution revenue attributable to the net incremental customers on Rate R-2 and what the Company would have billed the customers had they received retail delivery service under Regular Residential Rate R-1. The calculated lost revenue shall be collected from all of the Company's retail delivery service customers on a per kilowatt-hour basis over a 12-month period, with interest. Such per kWh charge is referred to as the Residential Assistance Adjustment Factor.

For purposes of the above calculation, the Company shall accumulate lost revenue monthly and accrue interest at the rate paid on customer deposits. The Company shall use in its calculation of lost revenue the distribution revenue associated with the difference in the Rate R-1 and Rate R-2 customer charge applied to the number of net incremental customers assessed this charge during the month plus the difference in the Rate R-1 and Rate R-2 distribution energy charge applied to the monthly kilowatt-hour deliveries associated with the net incremental customers. Net incremental customers shall mean only those customers billed during the month on Rate R-2 who are receiving retail delivery service on Rate R-2 solely as a result of the electronic matching process with the EOHHS.

Should any balance remain outstanding subsequent to the recovery of the lost revenue as described above, the Company shall reflect as an adjustment in the current period the amount of the outstanding balance.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department setting forth the amount of the increase or decrease and the new Residential Assistance Adjustment Factor amount. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Department may authorize.

This provision is applicable to all Retail Delivery Service rates of the Company. The operation of this Residential Assistance Adjustment clause is subject to Chapter 164 of the General Laws.

Effective September 1, 2005